

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

August 25, 2005

In Reply Refer To:  
ISO New England, Inc.  
Docket Nos. ER05-1086-000  
ER05-1086-001

ISO New England, Inc.  
Attn: Matthew F. Goldberg, Esq.  
Senior Regulatory Counsel for ISO New England, Inc.  
One Sullivan Road  
Holyoke, MA 01040

Dear Mr. Goldberg:

1. On June 7, 2005, as amended on June 10 and 29, 2005, you submitted, on behalf of ISO New England, Inc. (ISO-NE), a Coordination Agreement between ISO-NE and New Brunswick System Operator, Inc. (NBSO), which includes two rate schedules, one for Emergency Energy Pricing and one for Security Energy Pricing.<sup>1</sup> The filing was amended to include revised tariff sheets for ISO-NE's Market Rule 1 (Revised Tariff Sheets).<sup>2</sup> ISO-NE requests a June 7, 2005 effective date for the Coordination Agreement and its Pricing Schedules and the Market Rule 1 Revised Tariff Sheets.

2. ISO-NE states that, because ISO-NE will continue to carry out its responsibilities in accordance with the procedures specified in its approved ISO-NE Tariff and Transmission Operating Agreements, ISO-NE filed the Coordination Agreement as an informational filing. ISO-NE further states that the purpose of the Coordination Agreement is to provide a direct contractual relationship between ISO-NE and NBSO. However, ISO-NE states that the Coordination Agreement contains two Pricing Schedules that set forth formula rates for Emergency Energy and Security Energy and, as provisions establishing rates for the provision of energy, ISO-NE is filing these two schedules pursuant to section 205 of the Federal Power Act (FPA).<sup>3</sup>

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<sup>1</sup> Docket No. ER05-1086-000.

<sup>2</sup> Docket No. ER05-1086-001.

<sup>3</sup> 16 U.S.C. § 824d (2000).

3. ISO-NE states that its June 29 amendment includes the Revised Tariff Sheets to complement the cost allocation mechanism proposed in the June 7 filing. ISO-NE states that the Revised Tariff Sheets contain a new subsection to provide explicitly for the allocation of costs for Security Energy transactions.

4. Notices of the filings were published in the *Federal Register*, 70 Fed. Reg. 35,419 (2005) and 70 Fed. Reg. 41,214 (2005), with protests and interventions due on or before July 20, 2005. A motion to intervene was filed by the New England Power Pool Participants Committee (Participants Committee).

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. §385.214 (2005), the timely unopposed motion to intervene serves to make the Participants Committee a party to this proceeding.

6. The Commission conditionally accepts ISO-NE's filings, effective June 7, 2005,<sup>4</sup> as requested, subject to the conditions explained below. The Coordination Agreement establishes a contractual relationship between ISO-NE and NBSO, and the Commission has granted authority to ISO-NE to enter into such agreements with neighboring control areas.<sup>5</sup>

7. As noted above, ISO-NE provided the Coordination Agreement as an informational filing.<sup>6</sup> However, the Coordination Agreement explains services and the terms and conditions of service that will be provided. The Coordination Agreement includes provisions governing the interconnected operations of the respective transmission systems including reliability coordination, emergency assistance, outage planning and information sharing. Therefore, the Coordination Agreement must be filed

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<sup>4</sup> See *Central Hudson Gas & Electric Corp.*, 60 FERC ¶ 61,106, *order on reh'g*, 61 FERC ¶ 61,089 (1992).

<sup>5</sup> *ISO-New England, Inc.*, Docket No. ER05-527-000 (March 22, 2005) (unpublished letter order); *ISO-New England, Inc.*, Docket No. ER05-730-000 (May 27, 2005) (unpublished letter order). Section 3.02(b) of the Transmission Operating Agreement between ISO-NE and the New England Transmission Owners and section 3.02(c) of the Transmission Operating Agreement between ISO-NE and the Maine Electric Power Company, Inc. (MEPCO) provide that ISO-NE's operational authority over the MEPCO transmission facilities shall consist of entering into such coordination agreements and operating arrangements with the operators of neighboring control areas, and coordinating system operation and emergency procedures with neighboring control areas. Also, section III.4.3(a) of the ISO-NE Transmission, Markets, and Services Tariff provides that ISO-NE may purchase and sell emergency energy through an agreement with an adjacent control area operator.

<sup>6</sup> Transmittal Letter at 6.

here as a jurisdictional rate schedule. To that end, we will require ISO-NE to re-file the Coordination Agreement in compliance with the requirements of Order No. 614 within 30 days of the date of this order.<sup>7</sup>

By the direction of the Commission.

Linda Mitry,  
Deputy Secretary.

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<sup>7</sup> See *Designation of Electric Rate Schedule Sheets*, Order No. 614, FERC Stats. & Regs. ¶ 31,096 (2002).